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GENERAL

1. Report of Czech arms being furnished to USSR discounted--US Military Attaché Prague believes the military equipment which US Delegation ACC Bucharest suspected was being manufactured in Czechoslovakia for the USSR was in fact Oerlikon equipment originally ordered by Czechoslovakia from Switzerland.
- 25X1
2. Chilean President discusses Argentine-Chilean treaty--US Ambassador Bowers, commenting on the recent Argentine-Chilean treaty involving a "customs union" and an Argentine industrial loan to Chile, reports that President Gonzalez has assured him that the "customs union" has no political significance, and that the loan carries with it no political commitments. Bowers stresses Chilean "uneasiness" lest the US interpret the treaty as "unfriendly".

(CIG Comment: The new "customs union" appears actually to be an elaborate system of quota arrangements for controlled bilateral increase of Argentine-Chilean trade, and has the effect of restricting the free movement of goods envisaged by the Chapultepec agreements. The Chilean Foreign Office had assured Ambassador Bowers, before the treaty negotiations began, that no industrial loan would be discussed.)

EUROPE

3. USSR: Stalin's return to Moscow reported--US Military Attaché Moscow has been informed that Stalin returned to Moscow about 13 December.
- 25X1
4. GERMANY: German bank notes being printed for USSR--US Political Adviser Murphy has received a report that a German printing firm in Leipzig is printing regular German bank notes for the Soviets and that a carload of notes has been secretly delivered. According to a second source, new German bank notes were circulating in Leipzig and Halle at the end of October.

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5. YUGOSLAVIA: Committee satisfied with UNRRA distribution--
A special UNRRA distribution investigating committee, composed of a US, UK and Soviet representative, has told US Charge Hickok that, during a five-week tour through Yugoslavia, it found no evidence of political discrimination in the distribution of UNRRA supplies. The committee considers that (a) the Yugoslav Government has been co-operative in supplying necessary information to UNRRA and permitting investigations; (b) the Yugoslav people are well informed of the nature of UNRRA and national contributions involved, and (c) the distribution system in Yugoslavia is "at least as fair and efficient as any in Europe."

(CIG Comment: This report is contradicted by reports from other sources and is considered to be a whitewash of the UNRRA distribution program in Yugoslavia.)

6. GREECE: Immediate equipping of Army urged--US Ambassador MacVeagh reports that it is impossible to exaggerate the importance of adequately equipping the Greek army at the earliest possible date for Spring operations. He also reports that Greek finances are reaching the "catastrophic stage."

NEAR EAST-AFRICA

7. EGYPT: Arab League protests US policy on Palestine--US Embassy Cairo has transmitted a note to Secretary Byrnes from the Arab League which states that the "disturbing effects" of the various statements made by the President of the US, as well as "the efforts which the President is exerting with the British Government in this direction," are causing "great anxiety" throughout the Arab states and the Moslem world, and are having "adverse effects on the excellent relations" which the members of the League are desirous of maintaining with the US.

In its note, the League charges that the US is encouraging and facilitating Zionist immigration into Palestine from US occupation zones in Europe, and requests that the US discontinue "such acts" which it interprets as "taking sides with one of the parties to the dispute between the Arabs and the Jews."

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8. IRAN: Shah expresses indebtedness to US--US Ambassador Allen reports that the Shah considers the most important factor in the sudden Azerbaijan collapse to have been the conviction of the Soviets, the Iranians, and the Azerbaijani that the US "was solidly supporting Iranian sovereignty." The Shah and high Iranian officials have expressed, through Allen, their appreciation to the US for "giving back Azerbaijan to Iran." Allen has emphasized to the Shah, however, that the Iranians themselves had regained Azerbaijan, and that any credit for enabling them to do so without outside interference should go to the UN.

FAR EAST

9. FRENCH INDOCHINA: Vietnam prepared to make some concessions--US Consul Hanoi reports that Vietnam authorities, in order to end the present impasse, are prepared to offer some concessions to the French including the opening of certain highways to French traffic and the return of civilian populations to the cities. In return, Vietnam will request reestablishment of the status quo in effect at the beginning of the Haiphong incident.

THE AMERICAS

10. VENEZUELA: Political situation still unstable--US Military Attaché Caracas reports that (a) "low morale" in the Venezuelan Army makes the present moment "opportune" for an insurrection, and (b) the Government continues to believe ex-President Lopez Contreras may be preparing an armed invasion of Venezuela.

(CIG Comment: In view of its widespread popular support, the Betancourt Government, though weakened to some extent by the estrangement of Army elements sympathetic to the officers arrested following the recent revolt, should be able to suppress any insurrectionary attempt.)

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